Date: 8/17/26
From: Rick Harron, Committee member
To: Measure D Taxpayer Oversight Committee
Re: Item 6 (RTC audit and expenditure reporting)

An incredible amount of work! Thank you to the RTC and all the agencies for their work on the annual measure D reporting.

I am sorry I could not attend the Measure D oversight committee meeting.
Below are my notes from my review.
I start with Note 3 of the audited financials. See below:

NOTE 3 – PRIOR -PERIOD ADJUSTMENTS
There were prior-period adjustments recorded for three funds. The Neighborhood Fund had a prior-period adjustment to increase beginning net position by $1,308,089 to account for a loan repayment that was made in a prior fiscal year but was not recorded in the financial statements. The Highway Corridor Fund had a prior-period adjustment to decrease beginning net position by $2,170,734 to account for distributions made in the prior fiscal year but not recorded until after the financial statements had been prepared. Finally, there was a prior-period adjustment to decrease the beginning net position by $1,185,590 in the Rail Corridor Fund to account for FEMA disaster recovery reimbursements that the Commission previously accrued but are no longer anticipated to be reimbursed as originally expected.

I do have questions concerning the 3 large prior period adjustments noted above. Can you explain why these happened? Is it an indication of poor record keeping or inaccurate accruals that could result in further corrections in other areas and future periods? How will you avoid these from happening in the future?

As for the FEMA disaster recovery reimbursement decrease, why were measure D funds responsible for this loss of revenue? I question why anyone would have accrued FEMA funds until the claim was approved by FEMA. Is it not your practice to do that?

I did see this in the Rail report:

It is currently unknown how much of storm damage repairs will be reimbursed by FEMA and CalOES. As of June 2025, RTC continues to seek $6.11 million in reimbursements. If RTC does not receive full reimbursement for all of the 2017 and 2023 storm damage, the RTC will need to use additional Measure D funds, above the amounts shown in the Measure D 5-year plan

Why would Measure D funds be used for this? Is this going to result in another prior period adjustment? Why and how much do you estimate?

In the reports:

In general, RTC reports have an excellent detail of leveraged funds year to date that include funding source. It would be nice if we could get a concise report like this in one document for all Measure D spending spending. A current year reporting would also be nice.

I do question the accuracy of some of the numbers. As an example Highway Auxilary Lane and Bus on shoulder indicates Measure D spending Year to date of $15 million with leveraged funding of $137 million. That is an incredibly high leverage amount. Could you tell us how you are computing that? What is your definition of leveraged funds?

Highway:

For summary presented in the report below (a negative number is very questionable).

FY24/25 Measure D Revenue and Expenditure Snapshot
Measure D Allocation $6,749,297
Interest earnings & adjustments -$1,501,343
Carryover from Prior Years $20,746,080
Expenditures $13,034,190
Carryover Balance $12,959,844

Seems like you should be explaining what the negative adjustment is in the report.
This should be reviewed for all RTC reports that indicates a negative adjustment in a summary like this (there are others).